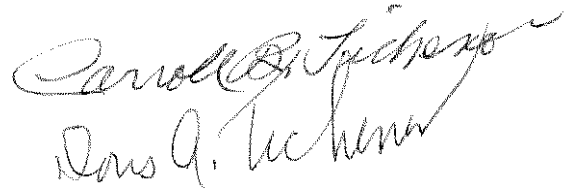


May 23, 2006

TO: TENNESSEE VALLEY AUTHORITY BOARD OF DIRECTORS
Transmission Access Hearing Comments
400 West Summit Hill Drive
Knoxville, TN 37902

FROM: Carroll and Doris A. Tichenor
1086 Annis Ferry Road
Morgantown, KY 42261-8001
Tel. 270-728-2561 e-mail dctichenor@earthlink.net



RE: Comments for Inclusion in the Public Record

We are member/customers of Warren RECC and owners of a Butler County farm that will be severely impacted if EKPC's proposed 96-mile, 161 kv transmission line is built on the presently selected route.

We believe Warren RECC's decision to leave TVA and secure power from Eastern Kentucky Power Cooperative (EKPC) was ill-considered and will have long-term negative consequences for WRECC members, the counties served by WRECC and the landowners whose property will be damaged and devalued by the new lines EKPC proposes to build.

In his written statement before the TVA Board, WRECC CEO Gerald Hayes stated, "...The second option was for East Kentucky to serve Warren through new and existing East Kentucky transmission lines...This option offers a more economical choice for transmission service along with increased reliability for the region. It also provides future rate stability for Warren since most of the costs for transmission service are fixed."

In light of information provided during evidentiary hearings before the Kentucky Public Service Commission (PSC) and at the TVA hearing we question both of these assertions. It appears that EKPC will pass on to Warren members their indebtedness for their proposed new Mason County KY generating facility and for the new and upgraded transmission lines they propose to build. According to Mr. Hayes' hearing testimony there will be a base rate plus an "adder" to amortize the approximately \$500 million indebtedness for the new generation and transmission capital investment, which will be paid by WRECC over the 33-year life of the contract. This hardly seems to be a "more economical choice" nor does it provide "future rate stability." Anticipated future increases in the price of coal can be expected to further raise rates over the coming years.

Moreover, although both the new generating facility and the new 96-mile line were represented by EKPC as "done deals" it should

be noted that the generating plant has not been granted an air quality permit and the proposed new lines are still undergoing environmental assessments that are required by Federal law before Rural Utilities Service (RUS) will approve the loan for which EKPC has applied to construct these facilities. In a March 30, 2006 memorandum concerning the transmission lines, RUS stated, "The proposal's Section 106 consultation is in the early planning stages. RD has not made any funding decisions regarding EKPC's loan application or any findings for the associated 106 or the environmental review process. No decision will be made until the Section 106 and the environmental review processes have been completed including all public involvement activities." It should be clear that these processes will take time and may result in considerable delay in the planned schedules.

One of WRECC's strong arguments for leaving TVA is that TVA's rates are unjustifiably high and that changing power suppliers will result in more competitive rates. From the standpoint of the residential customer, this argument does not appear to be valid. We own property in Butler County, Kentucky and in Gainesville, Florida. Comparison of 2005 per kwh rates at the two locations revealed no significant difference.

There has been no opportunity for an independent review of WRECC's decision that EKPC can provide better rates than TVA in the near future, let alone the distant future. The WRECC Board made this decision in a closed meeting, never conducted a public hearing or meeting to inform its members on the issue, and has refused to provide copies of the responses to its RFP or the subsequent rate analysis.

WRECC has acted with no outside review whatsoever to obligate its members under a 33-year contract to pay EKPC wholesale rates for electric power that include the amortized costs of new power production facilities and transmission lines in addition to all related costs of power generation by EKPC or purchase from other suppliers. Neither WRECC nor EKPC have revealed the actual rates that WRECC customers will be required to pay for electricity under this contract.

The membership of WRECC and the public at large is left with no protection from decisions being made by WRECC, which may ultimately place what has been a reliable and relatively low cost source of electric power from TVA in serious jeopardy. Area taxpayers are already heavily invested in the TVA infrastructure, which must continue to be supported and maintained even if not being utilized to the full extent of its rated capacity. Therefore abandonment of TVA by traditional major wholesale purchasing partners such as WRECC could cause costly inefficiencies in the electric power generation system and negatively impact our national interests.

The effect of the change on counties presently served by WRECC has not been addressed. Following is a statement prepared by Butler County Judge Executive Hugh C. Evans:

"There are many concerned citizens in Butler County that have reservations regarding the EKPC transmission line project. Currently TVA provides electric service for Butler County and has done so for approximately 65 years.

TVA has contributed considerable assistance to the residents of Butler County. To name a few, TVA has assisted in building the first speculation building in the county. They have worked with our county to provide low interest money to help new industry locate here. They have worked with Butler County officials to recruit new industry. TVA has also provided many valuable jobs for Butler County citizens at the Paradise Steam Plant in neighboring Muhlenberg County.

The estimated tax income by EKPC is approximately \$12,000 to Butler County and approximately \$26,000 to Butler County schools per year. However, TVA, in lieu of taxes, provided roughly \$42,000 to \$45,000 to Butler County and \$140,000 to \$145,000 to Butler County schools per year. We're sure you will agree this is certainly quite a difference.

EKPC is now seeking easements from area property owners. An easement allows EKPC to locate their transmission line on a resident's property. If TVA continued to provide power to Butler County, there will be no need to run power lines through prime farmland or archaeological and historic landmarks.

Please be advised that Butler County residents were never asked if they would like to change from TVA to EKPC. We certainly think this is something that county residents should have been made aware of and had an input in. Butler Countians do not have anything against EKPC providing power to its residents, but we feel that their methods of doing so do not have Butler County's best interest in mind. There are alternate routes for the new transmission line that EKPC had shown residents that could better satisfy the people of Butler County. We feel these other options should be taken into account so that it would minimize the impact on the community."

With regard to possible use of existing TVA lines and rights-of-way, EKPC has stated on some occasions that if they were allowed to use existing TVA lines they would not need to build all of their proposed new 96-mile line. On other occasions they have stated that even if TVA lines were made available they would build the new line anyway. However, their justification for condemning prime farm land for new rights-of-way would be much harder to make if existing lines and/or rights-of-way were available. For this reason we support the proposal that TVA allow EKPC to use

certain existing lines, provided, of course, that just and fair compensation be paid to TVA for this concession.

It is unfortunate that these discussions were not held, with public knowledge and input, before WRECC made the unilateral decision to leave TVA. Even now it may not be too late for some reconsideration; upon careful scrutiny the EKPC-WRECC contract appears to allow for such reconsideration although it would certainly be strongly resisted by both parties. The alternative may be prolonged schedule delay due to court challenges and appeals.

We appreciate this opportunity to express our concerns and we ask the TVA Board to do whatever it can to protect the interests and the land of its long-term customers and ratepayers.